

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2591

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DATE	D-PG	OFFICIAL STATUS
03/12/2014	6164	Introduction and first reading Referred to Environment and Energy

1.1 A bill for an act
1.2 relating to utilities; requiring that cost of service be the primary factor in
1.3 determining revenue allocations between electric utility customer classes;
1.4 amending Minnesota Statutes 2012, section 216B.16, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 216B.16, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 6e. **Revenue allocation among customer classes.** (a) This subdivision
1.9 applies only to investor-owned electric utilities that have at least 50,000 retail electric
1.10 customers, but no more than 200,000 retail electric customers.

1.11 (b) For all rate change notification filings made prior to January 1, 2018, cost of
1.12 service shall be the primary consideration in the commission's determination of revenue
1.13 allocation among customer classes. The commission's discretion to deviate from cost
1.14 of service and consider factors other than cost of service when it determines revenue
1.15 allocation among customer classes is limited to the following parameters:

1.16 (1) no deviations of more than four percent for all filings made after January 1,
1.17 2014; and

1.18 (2) no deviations of more than two percent for all filings made after January 1, 2016.
1.19 Revenue allocation among customer classes that deviates from the cost of service must be
1.20 supported by a preponderance of the evidence.

1.21 (c) For all filings made on or after January 1, 2018, cost of service shall be the only
1.22 consideration in the commission's determination of revenue allocation among customer
1.23 classes.

2.1 (d) At least 60 days prior to its next general rate proceeding, a utility subject to this
2.2 subdivision shall meet with interested stakeholders to explore the possibility of expanding
2.3 or increasing access to electric affordability programs for low-income customers.

2.4 (e) Upon the filing of a general rate case by a utility subject to this subdivision in
2.5 which the filing utility seeks to impose rates based on cost of service, the filing utility
2.6 must deposit \$10,000 into an account devoted to funding a program approved by the
2.7 commission under section 216B.16, subdivision 15. The funds shall be used to expand the
2.8 outreach of the commission-approved affordability program.

2.9 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.10 and applies to a general rate change filed on or after that date.